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10 September 1968

MEMORANDUM FOR: Director, OCI

SUBJECT : Briefing Material for Mr. R. J. Smith's
Trip to the Far East

1. Mr. Smith has asked me to request the following briefing materials for his trip to the Far East at the end of September.

25X1C A. A talking paper, [redacted] 25X1C
[redacted] on the impact of
the Czech crisis on Soviet relations with Commu-
nist countries and with the West. [redacted] 25X1C
25X1C [redacted] the
impact of events on prospects for detente and for
US-Soviet relations.) (20-30 minutes) The first
draft for Mr. Smith's review should be ready by
COB 12 September.

B. A talking paper on the situation in Com-
munist China. This will be for general background
use in the course of his travels, and should stress
the political situation with brief general comments
on economic problems.* (20-30 minutes) The first
draft for Mr. Smith's review should be ready by
OOB 16 September.

* This paper may be the one used in the substantive discussion
with Mr. Smith on 16 September. A separate briefing on the
Chinese military situation is being prepared by OSR.

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C. A review of the political-military situation in Vietnam, with brief treatment of Laos and Cambodia. This will be for general background in the inevitable discussions along the way. (20-30 minutes) This draft should be ready for Mr. Smith to review by COB 13 September.

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25X1C

3. I understand that Mr. Smith has already instructed [redacted] on preparation of material on various subjects which he will look into in Saigon.

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These should be 1-2 pages long and should be ready for Mr. Smith by 23 September.

5. The final versions of the briefings requested in paragraph 1, above, should be ready by 23 September, so that they may be [redacted] about 25 September.

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Remarks:

Drex,
Jack Smith has
approved the attached
guidance for preparation
of briefing material for
his trip to the Far East.

STATINTL

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FROM: NAME, ADDRESS AND PHONE NO.		DATE
[] ODDI 7E44/6345		10 Sept

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10 September 1968

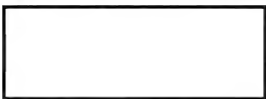
MEMORANDUM FOR: Director/OCI

SUBJECT : DDI Substantive Discussion on
Political Developments in Communist
China

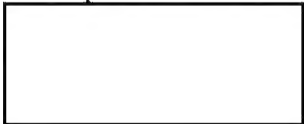
1. Mr. Smith has requested that OCI prepare a talking paper on political developments in Communist China to inaugurate his new program of discussion sessions with substantive analysts.

2. The discussion session will be held in the DDI's office at 1500 hours on Monday, 16 September.

3. The following officers should be present for the discussion:

	Mr. R. J. Smith		- ONE	
25X1A		- OCI	- SRS	25X1A
		- OCI		

4. It is suggested that the text be available for Mr. Smith to read on the morning of 16 September, before the meeting. The paper should review the situation, discuss significant analytical problems, and provide the basis for Mr. Smith to lead a general discussion lasting up to an hour.

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Remarks:

*Mr Smith has approved
the following concept for
Monday's discussion on
political developments
in China.*



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FROM: N	RESS AND PHONE NO.	DATE
DDI Exec Staff	7E44 6345	10 Sept

file 15
6 September 1968 *Wry*

MEMORANDUM

SUBJECT: Background Information for DDI Trip to
Saigon

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1. The Phoenix Program: This is an integrated GVN effort to identify and eliminate the Communist political infrastructure throughout South Vietnam. In the course of obtaining information for this program, the GVN regularly comes across information of value to the national intelligence community in Washington.

[REDACTED] The information acquired through Phoenix on Communist political infrastructure, political aims and accomplishments is of great interest to the national intelligence community and we can use even more of this type of information.

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2. Communist Order of Battle: There still appear to be major differences between MACV and CIA. (We assume OER will provide the DDI with details.)

3. Political Reporting Both on Communists and GVN: Station and Embassy reporting has reflected an acute awareness of the importance of reporting on the Saigon political situation. Reporting on exactly what the GVN is accomplishing or its lack of accomplishment in the countryside, however, is still less complete and timely than we would like to see. Bits and pieces come in but we could use a great deal more detail on this subject.

We believe that Communist intentions and progress in regard to the ~~Communists'~~ new "liberation committees," which are in essence local administration, is of great importance and should be a key target of our station. The struggle between the GVN and the Communists for political control of the people both in the countryside and the cities is a major area of concern to the national intelligence community. We appreciate the information being received currently and hope that the station can accomplish even more in reporting on this subject.

4. Cambodia as a Supply Funnel for the Communists:
The importance of Cambodia to the Communist effort in South Vietnam is an area that has been the subject of considerable--although lessening--difference of opinion between MACV and CIA/Washington intelligence analysts. MACV tends to stress the importance of Cambodia's role and CIA (with State and DIA in more or less harness) tending to downplay its overall impact.

There is no question that Cambodian territory has become more important to the Communists since late 1965 and the general understanding of this fact has tended to narrow the gap between MACV and Washington. The only live issue today concerns the shipment of arms and ammunition through Cambodia to Communist forces in South Vietnam. We agree with Saigon that the Communists are getting, at least, important supplementary amounts of arms and ammunition through Cambodia. We do not believe, however, that the amounts can be quantified with any degree of confidence nor do we accept much of the "evidence" MACV quotes to support its case.

5. Reporting Responsibilities of MACV and the Station: We are concerned that certain areas of intelligence not fall between chairs. ~~In particular, we would like to be sure that the Station is not relying totally on Ambassador Komer or MACV to report on the effects of Communist military and paramilitary action on the many facets of the GVN's effort to gain effective control over the population.~~ We may be getting

all the pertinent information on the amount and effects of terrorism, assassination, overrunning of resettlement hamlets, etc. This type of information, however, is reported through several different channels, raising the possibility that there is no real coordination within the Mission in Saigon and also raising the possibility that some valuable information simply does not get reported back to the strategic level here in Washington at all.

6. The Mission of the Research and Analysis Staff:
We are interested in how the COS views the mission and functioning of the RAS. What contribution does it make to the station and could it be of more direct assistance to the DDI mission in Washington? Should there and can there be a better flow of information between the DDI at Headquarters and the RAS?

7. We are, of course, deeply interested in the Station's and in MACV's assessment of the strategic situation in South Vietnam. In a recent summation of the situation by General Abrams, it appeared that he believes a failure on the part of the Communists in their present offensive effort would mean that they would then be in an overall weakened strategic posture. We tend to believe that the Communists are now on the offensive and that their failure to accomplish much in the present round of fighting might not mean much of a basic change in their ability to drag out the conflict should they so desire.

5 SEP 1968

MEMORANDUM FOR: Deputy Director of Current Intelligence

SUBJECT: DDI Visit to Saigon

The DDI might wish to discuss two items of concern to both OER and the Agency if he meets with General Davidson during his Saigon visit.

1. MACV J-2 has made strong allegations that the CIA has thrust itself into the general question of OB and enemy strengths because of some ugly motives. They apparently feel that because of some discontent with SHIE 14.3, the DCI was persuaded to go to the White House with a set of higher numbers and that since that time, we have mounted major efforts to prove that the DCI was right. They also feel that CIA has no business in making estimates of enemy strength. I think it would be very helpful if the DDI would explain to General Davidson the background events that brought us into this business and also fill the General in on the DCI's obligations to the President as the Director of Central Intelligence and consequently the Agency's right to be involved in any intelligence problem that is a matter of national concern.

2. The DDI might also raise with General Davidson the opening of MACV's doors so that OER personnel could go to CIGV, CIEC, and the like on extended TDY's for working purposes. This can be explained as a desire to make sure our analysts have exploited all available materials in their research particularly when it concerns sensitive estimates. The use of this device would be beneficial to our research product and, in addition, would help to build up a meaningful dialogue between MACV and CIA.

25X1A

Deputy Director
Economic Research

Distribution:

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DD/OER [] :ajs/5001(5 Sept 68)

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September 1968
No. 1572/68

The Political Situation in Communist China

- I. There has been a new turning point in the violent course of the Cultural Revolution. A drive to restore order is in progress, and the Red Guards--the shock troops of "revolution"--have been under heavy attack.
- A. This past spring and early summer saw violence in China rise to a new crescendo, reaching proportions nearly equal to the bloody summer of 1967.
1. Armed clashes and political infighting were particularly intense in southern China.
 2. In one province bordering Vietnam the four principal cities were gutted by fire and at one period the vital railline to Hanoi was disrupted.

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- B. The new turn came at the end of July, when word went out from Peking that violence by Red Guards or anyone else was to end--by military intervention if necessary.
1. In most places the army has carried out these orders with a will, and Red Guard organizations have been badly mauled. Many have been destroyed.
 2. The more "radical" Red Guard groups responsive to extremists in Peking have borne the brunt of the attack.
 3. Vigilante groups organized by provincial military authorities have been cracking student heads with a vengeance, and many old scores are being settled by officials previously under Red Guard attack.

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4. These vigilante groups are composed of workers and led by army troops. They have been told that they will occupy schools and universities "permanently" to see that students never get out of line again.
5. The older students, who tended to be leaders of the Red Guard movement, are being summarily "graduated," even though they have had no schooling in more than two years. Many are being sent to army-run state farms in remote areas. We have one credible report that political prisoners are being released from a prison mine to make way for these so-called "graduates."

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6. It is evident from all this that students--
backbone of the Red Guards--are no longer being treated as the apple of Mao's eye or getting his protection.

C. The change in the political climate in late July made it possible to resume the restoration of administrative machinery in the provinces. The process of forming new governments was started in January 1967, but encountered repeated setbacks, and was stalled again last spring. Now, however, all provinces have new "Revolutionary Committees" to replace the old provincial party secretariats and government councils. Three were set up in August and the last two on 5 September.

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1. Most of the committees, particularly those set up in the past six months, are dominated by military officials who were under radical attack throughout much of the Cultural Revolution.

D. People's Daily is again talking about rebuilding the party.

1. This formidable task, however, has barely gone beyond the talking stage.

II. These developments follow two and a half years of the most violent kind of political turmoil, which at times has brought China to the brink of anarchy. It has been a bizarre situation in which the regime has, in effect, been conducting revolution against itself.

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- A. The Cultural Revolution had its origin in a wide range of complex factors, but Mao Tse-tung unquestionably played a central role in setting off the upheaval.
1. In the early and mid-1960s, Mao apparently felt himself to be increasingly at odds with many leading members of the Chinese regime. This feeling was partly paranoia, partly justified.
 2. Mao believed the Chinese revolution--his revolution--was running into the sands. Revolutionary enthusiasm and elan had been lost.
 - a. Bureaucratic buck-passing and inertia was growing. Technical experts were vying with "revolutionary"

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generalists for authority in making decisions.

- b. The problems of modernizing a huge, over-populated and backward country were growing rather than decreasing.

2. Mao's answer to these problems was an attempt to rekindle the "revolutionary" fervor that had helped bring him to power.

- a. He had apparently developed almost mystic faith in the power of "permanent revolution" conducted by mobilized and indoctrinated masses and sought by this means to counteract growing cynicism and prevent Soviet-style revisionism from

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infecting China.

B. Many officials and probably some important members of the regime, however, distrusted the kind of unrealistic mass enthusiasm that had led to the disasters of the Great Leap Forward in the late 1950s.

1. These men resisted by dragging their feet and interpreting Mao's wishes in the light of what they themselves regarded as sound policy.
2. This apparently convinced Mao that some of the men in line to succeed him were selling out the revolution, and he moved against them in the fall and winter of 1965.

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C. Mao's initial attack centered on the propaganda apparatus of the party, which he apparently felt had failed in the task of maintaining "revolutionary" fervor at a high pitch.

1. The attack on the propaganda machinery culminated in the purge of Peng Chen, a full member of the politburo, in the spring of 1966.

D. This almost certainly aroused the fears of other top leaders, and at the same time upset the balance of political power at the apex of authority.

1. They probably reacted defensively, forming protective alliances.

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2. It seems likely that some of them plotted against the others in an effort to exploit the situation for their own advantage.

E. The net effect, in this Byzantine atmosphere, was to persuade Mao that many of the men close around him were not to be trusted, and that the entire party apparatus was suspect.

1. At the famous August plenum in 1966 the axe fell on Liu Shao-chi--head of state and number two man in the party. Other veteran leaders soon fell.

2. Following the plenum Mao and Lin Piao unleashed the newly formed Red Guards against the entire party.

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III. Events began to generate their own momentum as the struggle surged back and forth.

A. Authorities in the provinces sought to defend themselves against Red Guard activists sent out from Peking to bring them down.

1. They organized "Red Guards" of their own and pitted them against the interlopers.

2. They recruited workers and peasants with offers of higher wages and a larger share of state goods--a practice damned by Peking as "economism."

B. These efforts proved fruitless when the army was ordered to restore order at the end of January 1967--suppressing both the Maoist Red Guards and local groups

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defending the provincial leaders.

1. With their defenses destroyed these men fell in large numbers during the period of relative calm in February and early March.

2. They were supplanted by military officials who had leading roles in provisional governing bodies set up at that time.

C. The respite from violent political struggle proved to be brief and in the spring Mao and the radicals grouped around him launched new attacks on "power holders taking the capitalist road"--the army men and bureaucrats who had replaced the purged party officials.

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1. Army leaders in particular were accused of acting in February to suppress the Red Guards--the instrument of the extremists in the Cultural Revolution Group in Peking.

2. Covert resistance^{or} on the part of those under attack merely fed the flames. By early summer armed clashes between opposing Red Guard groups had spread across the country and were growing in intensity.

D. More open defiance of the radical leaders in Peking on the part of the Wuhan Military Region commander in July led to a major crisis.

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1. Radicals in the capital opened an
across-the-board attack on the entire
military establishment in August a
year ago.
 2. This move may have nearly cost the
Maoists the support of the military.
By the end of the month tensions had
reached the breaking point and troubles
were mounting.
- E. More moderate elements, with substantial
military backing, apparently forced a
change of course in September. Rampaging
Red Guards were curbed and a number of
other steps were taken toward restoring a
semblance of order.

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1. Steps taken toward the re-establishment of a viable administrative machine were fitful at best, however, and frequently were the result of painful compromise.
2. Although partly curbed, the Red Guards still enjoyed many special privileges and clearly remained under a protective umbrella.
3. This lull was also short-lived. By November Mao's wife was again making inflammatory speeches, and troubles had begun to spread and to grow again.
4. The succeeding winter was a period of confusion and political statements with modest steps toward restoration of administrative order alternating with

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bouts of renewed fighting and political savagery.

F. In late April a new purge of the military--which included the political demise of the army's acting chief-of-staff--ushered in a new surge of radical ferment.

1. Political divisions sharpened and the new provincial administrative organs appeared on the verge of being undercut by renewed agitation.

2. Fighting rapidly spread, particularly in south China.

IV. Struggle between Peking and the provinces was the most visible aspect of the political civil war which has been tearing China. There is also resistance to Maoist policies at the center--

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conducted behind a facade of unity at the top.

A. "Revolutionary" policies have been resisted and at times blocked, we believe, by a loose coalition of leaders in the military establishment and government machinery for whom Premier Chou En-lai is the symbolic if not the actual leader.

1. These men would like to limit the damage done to the economy, administrative machinery and cohesiveness of the state by the excesses of the "revolution."
2. Many have themselves been under poster attack by radical Red Guard factions aligned with the extremist central Cultural Revolution Group. They would like to damp down the "revolution" to

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protect their own positions.

B. These people are "conservative" members of the establishment seeking to preserve the gains achieved since 1949. They would not, however, be candidates for the Union League Club.

1. All of them are Marxist, all are committed to preservation of a Communist government of some sort. Their basic motivation, however, is probably nationalistic.

2. It seems likely that more and more people have swung over to the opposition with each destructive lurch to the "left" in the course of the Cultural Revolution.

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- C. The damage already done to the political and economic fabric of China is enormous.
1. The party apparatus, a fundamental instrument of control painstakingly built up during the past three decades, has been virtually destroyed.
 2. Government machinery has been very hard hit and in some areas of activity is barely functioning.
 3. The army, the only organization left reasonably intact, has been thrown into unfamiliar political work for which it is ill equipped. Although generally loyal and responsive to orders from Peking, many units have been deeply involved in divisive political disputes--a

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situation which can only dismay high-ranking professional officers.

4. Disruptions connected with the Cultural Revolution have adversely affected the economy. We cannot be sure exactly how much damage has been done, but it seems likely that serious economic trouble was averted last year only by an unusually good harvest. The harvest this year will be mediocre at best.

5. Public probity, once the pride of the regime, has deteriorated and petty crime flourishes in every major Chinese city.

V. It is possible that the steadily worsening situation has finally welded the opposition

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together and brought its members to the point of decisive action.

A. This is suggested by the fact that for the first time a major assault has been made on the Red Guards, apparently aimed at destroying them as a political force.

1. The Guards were the shock troops of the extremists, and virtually their only instrument for mass political action.

2. Destroying the Red Guards would, therefore, be a logical step before moving against "revolutionary" Maoist leaders.

B. The history of the Cultural Revolution thus far, however, dictates caution in announcing the end of it.

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1. Mao Tse-tung and his defense minister Lin Piao still seem to retain the personal loyalty of many key military commanders. As Mao himself is fond of saying, military support is the fundamental source of political power in China or anywhere else.
2. The army has not been a responsive or effective instrument for "revolution" in Mao's eyes, but with few exceptions army commanders have not been willing to openly defy the Maoists. It is this ambivalent position of military men--they disagree with Mao's policies but are loyal to the man himself--which makes Mao dangerous and gives him the

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capability to renew the initiative in new, untried directions.

3. Twice before Mao has retreated in the face of stiff opposition in the army and bureaucracy to his destructive policies. Each time he soon resumed the offensive with renewed vigor.
4. The composition of the last two Revolutionary Committees--those announced for Tibet and Sinkiang on 5 September--seems to indicate that the extremists around Mao in Peking still possess the will and strength to frustrate some of the plans of more moderate elements within the leadership group.

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a. Both committees contain representatives from opposing factions, who appear to be as unreconciled as ever. We think that factional fighting is almost certain to persist in these areas. In Tibet, at least, we already have signs that rival Red Guard organizations are still active and unruly.

C. We are waiting for the other shoe to drop in Peking--the fall of a major figure or figures associated with currently discredited extremist policies.

1. A significant purge has accompanied every previous major turn in the Cultural Revolution, and unless or until

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this occurs we are reluctant to write
off the Cultural Revolution as finished.

2. Prime candidates for such a purge would
be key members of the Cultural Revolution Group: Kang Sheng and Chen Po-ta.

VI. Estimates concerning the future course of
events in China, particularly in the short run,
are chancy at best. Our most recent effort to
look ahead for the next year or so begins "the
situation inside Communist China is still
highly fluid and the outlook uncertain."

- A. This was written last May and still holds
good. It explains the caution shown by
our analysts at headquarters interpreting
the latest developments.

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1. Evaluation of the current trend toward moderation makes us think the chances are improving that the Cultural Revolution is being closed down.

2. We would be far more confident in this judgment if we had evidence that Mao was being removed from a position of power. Until this happens the potential for continued instability and renewed turmoil on a major scale persists.

B. Mao has always been an apostle of violence and appears to hold an almost mystical belief in the efficacy of revolutionary mass action.

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1. [] who recently talked with Mao [] found him a

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fascinating man but a dangerous leader.

He commented that Mao seemed to enjoy

setting political fires and then

watching with pleasure the efforts of

others to put them out.

2. This is a simplistic evaluation of a complex personality. We don't believe Mao has a pathological love of disorder for its own sake. He has a high tolerance for it, however, and we think Mao will never be satisfied with stability achieved at the expense of his revolutionary programs.

3. In his earlier career Mao demonstrated the ability to change his strategy to meet new situations but it seems likely

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he has now lost much of this flexibility.

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4. Mao's probable inclination to persist in a course already set--continued "revolution"--would no doubt be reinforced by the realization that his time is running out.

C. The chances of repairing the damage done by the Cultural Revolution and moving ahead with positive programs of development thus seem small so long as Mao retains the capability of influencing the course of events.

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1. Those in the leadership seeking to end the Cultural Revolution probably recognize this and regard the effective removal of Mao as an essential step.
2. At this point they are not united, however, and probably do not have the support for such a move from the military establishment, which would be essential for success.
3. The immediate prospect is thus for a period of stalemate during which conservative elements attempt to restrict Mao's freedom of action by means short of eliminating him as a political force.
4. Such a situation is inherently unstable.

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Unless Mao solves the problem by dying first, it seems likely that forces in opposition to him will be under increasing pressure to unite and encapsulate the old man as a palace prisoner--and will have the power to do so.

VII. The regime which follows the group now at the top in Peking will be beset with formidable problems.

A. The first of these will be to end the political infighting which has plagued the top leadership ever since the start of the Cultural Revolution three years ago.

1. We do not know which men will play key roles in a new regime but it seems

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clear that no candidate with anything like Mao's charisma is available to impose unity on a group of ambitious leaders divided by old wounds and unsettled scores left from the Cultural Revolution.

2. At best, the kind of collegial leadership which seems likely to evolve will probably move uncertainly in its efforts to cope with the problems of reconstruction.

B. The new leaders will be severely hampered, moreover, by the disarray in the machinery of government.

1. The party has been virtually destroyed and it will take long and patient work

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to rebuild it as an effective political instrument.

2. The bureaucracy has fared better than the party but it too has suffered serious damage and is in need of extensive repair.

C. Burdened with these problems, the successors to the present leadership will be attempting to rule a demoralized and possibly a fractious nation.

1. The relaxation of central authority which has been a by-product of the Cultural Revolution seems likely to cause persistent trouble. Once the instruments of coercion are back in operation the people can probably be

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forced back into their pre-revolutionary subservience but there will be resistance.

2. A more serious problem is the development of regional and provincial power groups pursuing their own ends at the expense of the center. Regionalism, always a problem in China, has received impetus and an opportunity to grow.

D. Ultimately we would expect to see the emergence of a reasonably effective, united group of leaders in Peking. They will be Communists in a broad sense but not Maoist revolutionaries.

1. The forces of nationalism which brought Mao and the Communist party to power in 1949 are still a powerful political

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cement. The new leaders--whoever they might be--will probably be pragmatic men motivated strongly by nationalistic considerations.

2. They will reject Mao's revolutionary dogma because it has proved irrelevant to China's problems.

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Vietnam:

South Vietnam Political

I. The South Vietnamese government is now enjoying its longest period of relative stability since the days of Ngo Dinh Diem.

A. President Thieu has managed the removal of most of Vice President Ky's chief lieutenants from key positions with considerable political deftness.

1. Premier Huong appears to be a decided asset to the Thieu government. He is striving to give South Vietnam for the first time in years an honest administration which addresses itself to some of the major ills such as corruption and incompetence.

B. Despite the period of political stability and the relatively able leadership of Thieu and Huong, enormous problems continue to plague the government.

1. One such problem has been the failure of the GVN to arouse any substantial degree of popular enthusiasm or support. This failure is particularly evident in the countryside.

2. The Communists have been moving rapidly in the post-Tet period to create local administrations called "liberation committees" in areas they control.

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3. Thieu is now somewhat belatedly trying to develop an effort to generate popular support for the Saigon government. Thieu, Huong and others in the leadership have come to realize that they will be at a distinct disadvantage vis-a-vis the Communists in any post-war period of political competition unless some effective political organization can be created to unite the non-Communists in the country.
 4. Thus far, however, the Lien Minh, Thieu's umbrella grouping of political and social elements which he hopes will be able to draw considerable support for the government, has been slow to get off the mark.
 5. An inner cabinet has been formed by Huong to lay plans for efforts to gain control of the people who are now in contested or Communist-controlled areas once a cease-fire is declared.
- C. Another major problem which the Thieu-Huong administration has been unable to make much of a dent in is the widespread and entrenched corruption which pervades virtually every aspect of official dealings with the people.

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- D. Vice President Ky, thus far, has gone along, albeit grudgingly, with his displacement from a position of power.
1. He and his supporters are extremely bitter but they do not seem inclined at this point to rock the boat by reacting forcefully.
 2. Ky, at times, grumbles about the danger of Thieu agreeing to an accommodation with the Communists and it is possible that any move in this direction by President Thieu could trigger a coup attempt by Ky and his followers, although their ability to pull one off successfully is uncertain.
- E. President Thieu's attitude toward peace talks remains that he is willing to meet with representatives of North Vietnam but publicly, at least, he is opposed to sitting down with the Liberation Front.
1. In private, however, Thieu gives signs of a willingness to meet privately and in secret with representatives of the Viet Cong.
 2. The South Vietnamese government is also somewhat nervous over the US-DRV talks in Paris but Thieu seems less concerned over

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the danger of a unilateral US move in these talks than he was earlier.

II. South Vietnam's pacification effort was dealt a heavy blow by the Communists' Tet offensive. Although some recovery has been made, the level of pacification is still not back to its pre-Tet level.

A. Given the lack of security in the countryside throughout much of the country, there is little prospect that major gains will be made over the next six months at least.

1. One recent example of how difficult it is to translate our military superiority over the Communists' main force units into real gains in pacification came in the recent fighting around Da Nang.
2. Communist main and local force units took a terrible beating and lost great numbers of men in their efforts to launch an assault on Da Nang.
3. Despite the setback administered to their main force units, the Communists were able during the same period, in the areas around Da Nang to overrun several relocation hamlets,

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assassinate a number of village chiefs and local government officials and drive some RD teams out of their area of operation.

5. As a result of the difficulties pacification faces, the program has been restructured and the teams pulled back largely into areas nearby allied bases, urban centers and defended lines of communications.

III. Military losses sustained by ARVN during the Tet fighting, placed extraordinary strains upon the already serious manpower shortage faced by the South Vietnamese army.

A. Shortly after the Tet offensive, the reserves were mobilized with all reservists with less than 5 years of active service ordered to report by 15 March.

1. In addition, all males between 18 and 38 were called to serve in the army. Induction of 19 year olds began on 1 March and 18 year olds were drafted beginning on 1 May.
2. Males 16-17 and 39-50 will be enlisted in the civil self-defense forces.

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- B. As a result of these call-ups, the strength of the armed forces was raised by about 120,000 by 30 June.
1. It is anticipated that by the end of the year the total strength of the ARVN will be over 800,000.
- C. However, the combined effect of the drastic rise in manpower input for the army and the lack of adequate exemptions for vital civilian governmental and service functions has adversely affected certain key administrative operations, particularly at provincial and district levels.
1. Under US prompting, the GVN is now attempting to establish certain exemptions which will ~~allow~~^{keep} key governmental and communications operations functioning adequately.

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Cambodia:

- I. Cambodia remains an important asset to the Communists both in terms of a safe haven for their forces to rest and refit after battles and also as a supplementary channel for moving arms, munitions and other war materials into Communist base areas in South Vietnam.
 - A. The Cambodians are an important source of rice for North Vietnamese units encamped along the Cambodia-South Vietnam border in the western highlands.
 1. Recent interrogations of captured Viet Cong detainees offer the best evidence to date that Cambodia is being used to move arms and ammunition to Communist forces in South Vietnam.
 - B. There is no good evidence that the Cambodian government is conniving with the Communists in this traffic but it is clear that some local Cambodian officials are involved and that others make no effort to halt the activity.

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Laos:

I. The Laotian infiltration and logistics corridor remains a vital element in the Communists' ability to pursue the war in South Vietnam.

A. The number of North Vietnamese troops estimated to be traveling down the infiltration trails reached unprecedented levels during the last few months.

1. Some 30,000 infiltrators are believed to have entered the pipeline during each of the months of March, April and May. Due to the fact that it takes between two and four months for a group to make the trip, many of those who departed North Vietnam in the spring are just now arriving in the south.

2. The level of men entering the infiltration pipeline declined in June, July and August, probably because the enemy has rebuilt his forces to the planned level following the immense losses suffered in the Tet and May offenses.

B. The Communist road network through Laos has been expanded and improved to the extent that the

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enemy has been able to move substantial amounts of supplies into Laos even during the current monsoon months.

1. An average of 11 trucks have been sighted per day moving into Laos through the Mu Gia pass during August whereas last year no such traffic was noted in this key pass during either July or August.

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